

American Electric Technologies Inc  
Form DEF 14A  
March 31, 2011

## SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**Name of the Registrant as Specified In Its Charter**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

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  1. Amount Previously Paid:
  
  2. Form, Schedule or Registration Statement No.:
  
  3. Filing Party:
  
  4. Date Filed:

March 28, 2011

Dear Fellow Stockholders:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of American Electric Technologies, Inc. which will be held at the principal office of the Company, 6410 Long Drive, Houston, Texas at 1:00 p.m., local time, on Wednesday, May 11, 2011. During the meeting, we will conduct the business described in the Notice of Annual Meeting of Stockholders and Proxy Statement. I hope you will be able to attend.

We are again following Securities and Exchange Commission rules which enable us to provide proxy materials for the 2011 Annual Meeting on the Internet instead of automatically mailing printed copies. This allows us to provide our stockholders with the information they need, while lowering the cost of the delivery of the materials and reducing the environmental impact of printing and mailing paper copies. Stockholders of record will receive a notice with instructions on how to access those documents over the internet and request a paper copy of our proxy materials, including this proxy statement, our 2010 Annual Report and a form of proxy card. Stockholders whose shares are held in a brokerage account will receive this information and voting instructions from their broker.

Whether or not you plan to attend the Annual Meeting, it is important that you vote by promptly completing, dating, signing and returning your proxy card by mail or fax or following the voting instructions provided by your broker. If you attend the Annual Meeting and decide to vote in person, you may revoke your proxy.

On behalf of the directors, officers and employees of American Electric Technologies, Inc., I thank you for your continued support.

Sincerely,

/s/ ARTHUR G. DAUBER  
**Arthur G. Dauber**

**Executive Chairman**

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**6410 Long Drive**

**Houston, Texas 77087**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 11, 2011**

The 2011 Annual Meeting of the Stockholders (the Annual Meeting ) of American Electric Technologies, Inc., a Florida corporation (the Company ), will be held at the principal office of the Company, 6410 Long Drive, Houston, Texas on Wednesday, May 11, 2011 at 1:00 p.m., local time, for the following purposes:

1. To elect six (6) members to the Company s Board of Directors;
2. To ratify the selection of the independent registered public accounting firm for 2011;
3. To approve an amendment of the 2007 Employees Stock Purchase Plan; and  
To transact such other business as may properly come before the meeting or any adjournment thereof.

Our Board of Directors has fixed the close of business on March 14, 2011 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment thereof.

Your attention is directed to the following pages for information on voting and obtaining a paper copy of the proxy materials for the Annual Meeting.

You are cordially invited to attend the Annual Meeting. The Board of Directors encourages you to access the proxy materials and vote in person or by proxy by following the instructions on the following pages.

By Order of the Board of Directors

/s/ FRANK R. PIERCE  
**Frank R. Pierce**

**Secretary**

Houston, Texas

March 28, 2011

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**6410 Long Drive**

**Houston, Texas 77087**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 11, 2011**

**About this Proxy Statement**

This Proxy Statement is being made available on or about March 28, 2011 to the holders of common stock (the "common stock") of American Electric Technologies, Inc. (the "Company") in connection with the solicitation by the Board of Directors of the Company of proxies for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 11, 2011, or at any adjournment thereof. The purposes of the Annual Meeting and the matters to be acted upon are set forth in the accompanying Notice of Annual Meeting of Stockholders. As of the date of this Proxy Statement, the Board of Directors is not aware of any other matters that will come before the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the persons named as proxies will vote on them in accordance with their best judgment.

**Voting Instructions for Stockholders of Record**

If you hold a stock certificate for shares in your name you are considered a stockholder of record (or registered stockholder) of those shares. You may vote by mail or fax or by attending the Annual Meeting.

**Voting by Mail**

Download or Request a paper copy of the proxy card as instructed below.

Return your signed and dated proxy card for receipt by May 11, 2011, the date of the Annual Meeting.

**Voting by Fax**

Download or Request a paper copy of the proxy card as instructed below.

Fax your signed and dated proxy card to the number on the proxy card for receipt by 1:00 p.m. May 11, 2011, the date of the Annual Meeting.

**Voting in Person**

You may vote in person at the Annual Meeting, even if you already voted by mail or fax and your vote at the meeting will supersede any prior vote.

**Voting Instructions for Beneficial Owners**

If your shares are held in a stock brokerage account you are considered the beneficial owner of shares held in street name. You may vote by internet, telephone, mail or in person.

**Voting on the Internet**

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Go to: [www.proxyvote.com](http://www.proxyvote.com), enter the 12-digit control number from the Notice sent to you by your broker or nominee and follow the on-screen instructions.

### **Voting by Telephone**

Request a paper copy of a proxy card as instructed below and call the toll-free number on the Voting Instruction Form you will receive from your broker or nominee.

### **Voting by Mail**

Request a paper copy of a proxy card as instructed below and follow the instructions included on the Voting Instruction Form sent to you by your broker or nominee.

### **Voting in Person**

Since you are not a stockholder of record, you may not vote your shares in person at the meeting unless you have a proxy from the bank, broker, trustee or nominee that holds your shares giving you the right as beneficial owner to vote your shares at the meeting. To request a proxy, follow the instructions at [www.proxyvote.com](http://www.proxyvote.com). You must also bring to the annual meeting a letter from the nominee confirming your beneficial ownership of the shares.

### **To Request a Paper Copy of Proxy Materials or Proxy Card for 2011 Annual Meeting of Stockholders:**

#### **Stockholders of Record**

If you are a stockholder of record and you prefer to receive a paper copy of our proxy materials and/or proxy card, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy in one of the following ways on or prior to April 24, 2011 to facilitate timely delivery:

**Internet:** [www.aeti.com/proxy](http://www.aeti.com/proxy).

**Telephone:** Call toll-free at 1-800-240-4669.

**E-mail:** Send an e-mail to [investorrelations@aeti.com](mailto:investorrelations@aeti.com) with proxy materials order in the subject field and include your name, address and account number from the label on the Notice of Internet Availability you received from the Company.

#### **Beneficial Owners**

If you are a stockholder who holds your stock in street name through your broker or other nominee and you prefer to receive a paper copy of our proxy materials and/or proxy card, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy in one of the following ways on or prior to April 24, 2011 to facilitate timely delivery:

**Internet:** [www.proxyvote.com](http://www.proxyvote.com).

**Telephone:** Call toll-free at 1-800-579-1639.

**E-mail:** Send a blank e-mail to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com) with the 12-digit control number that appears on the Notice sent to you from your broker or nominee in the subject line.

#### **Revocability and Voting of Proxy**

Any stockholder who gives a proxy may revoke it at any time before it is voted by delivering to the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the Annual Meeting. All proxies properly executed and returned will be voted in accordance with the instructions specified thereon. **If no instructions are given, proxies will be voted FOR the election of the nominees of the Board of Directors, FOR Proposal No. 2 and FOR Proposal No. 3.**



**Record Date and Voting Rights**

Only stockholders of record at the close of business on March 14, 2011 are entitled to notice of and to vote at the Annual Meeting or at any adjournment thereof. On March 14, 2011, there were 7,756,645 shares of common stock outstanding. Each such share of common stock is entitled to one vote on each of the matters to be presented at the Annual Meeting. The holders of a majority of the voting rights outstanding represented by shares of common stock present in person or by proxy and entitled to vote, will constitute a quorum at the Annual Meeting.

Proxies marked withheld as to any director nominee or abstain or against as to a particular proposal and broker non-votes will be counted for purposes of determining the presence or absence of a quorum.

Broker non-votes are shares held by brokers or nominees which are present in person or represented by proxy, but which are not voted on a particular matter because instructions have not been received from the beneficial owner. The effect of proxies marked withheld as to any director nominee or abstain or against as to a particular proposal and broker non-votes on each Proposal is discussed under each respective Proposal.

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Six (6) directors will be elected at the Annual Meeting to hold office until the 2012 annual meeting and until their successors are elected and have qualified. Unless otherwise instructed, the proxy holders named in the enclosed proxy will vote the proxies received by them for the six nominees named below. Our esteemed colleague, Stuart Schube, passed away last year and will not be replaced at this Annual Meeting.

Each nominee has indicated that he is willing and able to serve as director if elected. If any nominee becomes unavailable for any reason before the election, proxies will be voted for the election of such substitute nominee or nominees, if any, as shall be designated by the Corporate Governance and Nominating Committee of the Board of Directors. The Corporate Governance and Nominating Committee has no reason to believe that any of the nominees will be unavailable to serve.

**Vote Required**

The six nominees who receive the highest number of affirmative votes of the shares present in person or represented by proxy and entitled to vote, a quorum being present, shall be elected as directors. Only votes cast **FOR** a nominee will be counted, except that the accompanying proxy will be voted **FOR** all nominees in the absence of instructions to the contrary. Broker non-votes and proxies marked **withheld** as to one or more nominees will have no effect on the election since only votes for a nominee are counted in order to determine the six nominees with the highest number of votes.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.**

**Nominees of the Board of Directors**

The following nominees have been recommended for election by the Corporate Governance and Nominating Committee and the Board of Directors. Certain information about the nominees, including the experience, qualifications, attributes or skills that led the Corporate Governance and Nominating Committee and the Board to conclude that the nominees should continue to serve as directors of the Company is set forth below. All of the nominees are currently members of the Board of Directors who were elected by the stockholders at the 2010 Annual Meeting.

Arthur G. Dauber, age 67, has been Chairman of the Board and a director of the Company since the Company's merger with M&I Electric Industries, Inc. ( M&I ) in May 2007. He served as President and CEO of the Company from May 2007 until September 2009 at which time he was appointed as Executive Chairman focusing on international joint ventures, technical developments, manufacturing and transformative business development projects. Mr. Dauber was President and CEO of M&I from October 1984 until January 2008. From 1966 through 1984, Mr. Dauber was employed by the General Electric Company where he held positions in general management, strategic planning and manufacturing. He also completed General Electric's Manufacturing Management Program. Mr. Dauber holds a Bachelor of Science degree from the University of Michigan and an MBA from the University of Pennsylvania's Wharton School. Mr. Dauber is the father of Charles M. Dauber, President and CEO of the Company. The Board believes that Mr. Dauber's long term service as CEO of M&I and architect of the Company's foreign joint venture strategy provides essential insight into the Company's operations and joint ventures as well as institutional memory that benefits the entire Board as well as management.

Peter Menikoff, age 70, is currently a private investor and most recently he was the Interim Chief Financial Officer of Vlastic Foods International Inc. from February 2000 to May 2001. He has been a director of the Company since May 2007. Mr. Menikoff served as President and Chief Executive Officer of CONEMSCO, Inc.,

an oil and gas drilling/production supplies, services and equipment company, from April 1997 until June 1998. Mr. Menikoff served as Executive Vice President and Chief Administrative Officer of Tenneco Energy Corporation from April 1997 until June 1998. Prior to that, Mr. Menikoff served as a Senior Vice President of Tenneco, Inc., from June 1994 until April 1997. Mr. Menikoff served as Executive Vice President of Case Corporation, an agricultural and construction equipment company and a subsidiary of Tenneco, Inc., from November 1991 to June 1994. Mr. Menikoff served as Treasurer of Tenneco, Inc. from May 1989 to November 1991. Mr. Menikoff serves as a director for ACE Limited, a position he has held since 1986. ACE Limited is the holding company of the ACE Group of Companies, a global insurer and reinsurer, and is listed on the New York Stock Exchange and is subject to the reporting requirements of the Securities Exchange Act of 1934. Mr. Menikoff holds a Bachelor of Science in Engineering from Rensselaer Polytechnic Institute, a Master of Business Administration from Columbia University and a Doctor of Jurisprudence from the Bates College of Law of the University of Houston. Mr. Menikoff is a member of the State Bar of Texas. The Board believes that Mr. Menikoff's extensive experience as a senior executive and director of major public companies assists the Board and management in strategic planning, managing for growth and the Board's governance process.

J. Hoke Peacock II, age 70, has been a partner with the law firm of Orgain, Bell & Tucker, L.L.P. since 1971. He has been a director of the Company since May 2007 and has been a director of M&I since 1978. Mr. Peacock is board certified in civil trial law by the Texas Board of Legal Specialization. His practice specializes in business litigation, including contract, real estate, intellectual property and oil and gas disputes. Mr. Peacock received his Bachelors degree from the University of Texas at Austin and a Doctor of Jurisprudence with Honors from the University of Texas School of Law. The Board believes that Mr. Peacock's legal experience aids the Board and management in assessing and managing the legal risks facing the Company's current operations as well as in considering the legal risks of potential future activities.

Howard W. Kelley, age 69, has served as a director of the Company since May 2005 and was Chairman from May 2006 to May 2007. Mr. Kelley served as President of Jacksonville-based Sally Corporation, one of the oldest and largest designers and fabricators of animation robotics and dark rides used internationally in theme parks, museums, and attractions from November 1981 until his retirement in 2008. He became a director of Sally Corporation in 1981 and continues to serve as a director. He is currently principal of Aspergantis LLC, an international consultancy with diverse business activities in management consultation, Internet and software development services, and new business investment. Before joining Sally, Mr. Kelley spent over 25 years in broadcasting, including ten years in television management as a news director and later as Vice President and General Manager of Channel 12 WTLV, the NBC affiliate in Jacksonville, FL. He is the recipient of a number of national broadcast journalism awards. Mr. Kelley was director and audit committee chair of Environmental Tectonics Corporation (OTC: ETCC) from May 2002 to May 2009. ETC is a Philadelphia-based international engineering and manufacturer of aero-medical, safety training simulation, sterilizers and hyperbaric chambers. He served as chairman of Tempus Software, a medical software developer from November 2002 to January 2004; director of PathTech Software Solutions from May 1984 to February 2000, and director of Quanta Corporation, an electronic graphics hardware manufacture from June 1982 to August 1984. A Jacksonville, Florida native, Mr. Kelley received his undergraduate degree in broadcasting from the University of Florida. He is a PMD graduate of the Harvard Business School and the Japanese International School of Business Studies. He also serves as an executive professor of management at the University of North Florida and is a frequent lecturer on corporate governance and ethics. The Board believes that Mr. Kelley's experience as both a chief executive officer and an independent public company director provides insights into the Board's process of providing appropriate independent oversight of management.

Thomas P. Callahan, age 66, has been a director since May 2009. He has been Chairman of Callahan Advisors, LLC, an investment advisory firm, since December 1998. The firm manages equity and fixed income investments in public companies for a number of individual clients. From 1988 to 1998 Mr. Callahan was an audit partner with the international accounting firm of Pricewaterhouse Coopers, LLP. From 1978 to 1988 Mr. Callahan was President and an audit partner of Tyler, Ellis & Tuffly LLC, a Houston CPA firm. From 1968 to 1978 Mr. Callahan was employed by KPMG, LLP, an international accounting firm in a variety of audit and

consulting positions. Mr. Callahan graduated from the University of Notre Dame with a Bachelors of Business Administration in 1966 and from the Wharton School of Finance and Commerce, University of Pennsylvania with a Masters in Business Administration in 1968. The Board believes that Mr. Callahan's extensive experience in public accounting, consulting and investment management provides the Board with valuable insights on management, corporate finance and stockholder relations.

Charles M. Dauber, age 42, became President and CEO of the Company in September 2009 and a director in November 2009. He served as Senior Vice President of Marketing of the Company from May 2007 to September 2009. Mr. Dauber was hired by M&I on February 1, 2007 and was President of M&I from January 2008 to September 2009. From September 2006 until January, 2007 he was a self-employed consultant providing start-up strategy and marketing advisory services. From March, 2005 until September, 2006, Mr. Dauber was President and CEO of Nevis Networks, a venture-backed network security start-up company in Silicon Valley. From February, 2001 until March, 2005 he held various positions including Vice President of Marketing and Business Development for Blue Coat Systems (NASDAQ: BCSI), a leading network security equipment provider. Mr. Dauber was founder and CEO of a broadband service provider and has held management positions at Copper Mountain Networks and Teradyne, Inc. He holds a BBA degree from the University of Texas with emphasis in Electrical Engineering and Marketing. Mr. Dauber is the son of Arthur G. Dauber, Executive Chairman of the Company. The Board believes that Mr. Dauber provides essential insight and expertise concerning the business, operations and strategies of the Company that is needed for the Board's oversight and decision-making responsibilities.

### **Director Independence**

The Board of Directors discussed and reviewed whether each nominee is independent within the Company's corporate governance guidelines which are consistent with the director independence standards established by the NASDAQ Stock Market. In determining independence, the Board reviews and seeks to determine whether directors have any material relationship with the Company, direct or indirect, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board reviews business, professional, charitable and familial relationships of the independent directors in determining independence. The Board determined that Peter Menikoff, J. Hoke Peacock II, Howard W. Kelley and Thomas P. Callahan are independent. In determining the independence of Mr. Peacock, the Board considered that M&I utilized Mr. Peacock's law firm for matters which generated \$47,689 in fees and expenses to such firm in 2010. Such arrangement does not reflect on Mr. Peacock's independence under NASDAQ Stock Market listing standards.

### **Information about the Nominating Process**

The Company's Board of Directors has a Corporate Governance and Nominating Committee that undertakes the activities of identifying, evaluating and recommending nominees to serve as Directors. The members of the Corporate Governance and Nominating Committee are J. Hoke Peacock, II (Chairman), Peter Menikoff, Howard W. Kelley and Thomas P. Callahan. The Board of Directors determined that Messrs. Peacock (Chairman), Menikoff, Kelley and Callahan are considered independent as defined in the listing standards of the NASDAQ Stock Market.

### **Nomination of Director Candidates by Stockholders**

The policy of the Corporate Governance and Nominating Committee is to consider nominations of candidates for membership on the Board of Directors that are submitted by stockholders. Any such recommendations should include the nominee's name and qualifications for Board membership and a consent signed by such candidate to serve as a director if elected and should be directed to Mr. Frank R. Pierce, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087.

Stockholders who comply with the requirements of our Bylaws with respect to advance written notice of stockholder director nominations at the Annual Meeting, including certain information that must be provided

concerning the stockholder and each nominee, may nominate candidates for election as directors at the Annual Meeting by attending the meeting and offering the candidates into nomination at the time of the election of Directors. Our Bylaws were filed with the Securities and Exchange Commission on Form 8-K on February 10, 2009, and can be viewed by visiting the SEC website at <http://sec.gov>. You may also obtain a copy of the Bylaws by writing to Mr. Frank R. Pierce, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087. Such information must be provided within the period set forth below under **Stockholder Proposals For Next Annual Meeting**.

For a stockholder's nominees to be included in the Company's Proxy Statement for next year's annual meeting the stockholder must give timely notice to the Company by the date set forth below under **Stockholder Proposals For Next Annual Meeting**.

#### **Director Qualifications**

The Corporate Governance and Nominating Committee has not established any minimum qualifications for nomination as a Director of the Company but has identified the following qualities and skills necessary for its Directors to possess:

Integrity

Ability to objectively analyze complex business problems and develop creative solutions

Pertinent expertise, experience and achievement in education, career and community

Familiarity with issues affecting the Company's business

Availability to fulfill time commitment

Ability to work well with other Directors

Commitment to enhancing stockholder value

#### **Identifying and Evaluating Nominees for Directors**

Candidates for director may come from a number of sources including, among others, recommendations from current directors, recommendations from management, third-party search organizations, and stockholders. Director candidates are evaluated to determine whether they have the qualities and skills set forth above. Such evaluation may be by personal interview, background investigation and other appropriate means. The Corporate Governance and Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, in identifying nominees for director, the Committee does seek to have directors with a diversity of business experience and skills which allow for the expression of diverse viewpoints.

#### **Director Attendance at the Annual Meeting**

It is the Company's policy to require all of its Directors to attend the Annual Meeting of Stockholders. All of the Company's directors attended the 2010 Annual Meeting.

#### **Stockholder Communications with the Board**

Stockholders may communicate with the Board in writing by addressing mail to Board of Directors c/o Frank R. Pierce, Corporate Secretary, American Electric Technologies, Inc., 6410 Long Drive, Houston, TX 77087. Any such communication will be distributed to each of the Company's Directors. A communication addressed to any individual Director at the same address will be distributed only to that Director.



## **Board Leadership Structure**

As of the closing of the merger with M&I in May 2007, Arthur G. Dauber served as Chairman of the Board, President and CEO of the Company. In September 2009 the Board approved the Company's CEO transition plan by appointing Charles M. Dauber as President and CEO of the Company and Arthur G. Dauber as Executive Chairman focusing on international joint ventures, technical developments, manufacturing and transformative business development projects. Charles M. Dauber was appointed to the Board in November 2009 and elected by the stockholders at the 2010 Annual Meeting. The Board's three standing committees, described below, are composed entirely of independent directors. In November 2009 the Board elected Peter Menikoff as Vice Chairman. The Board also meets in executive session regularly. Peter Menikoff, as Vice Chairman of the Board, chairs the Board in the absence of the Executive Chairman. The Board believes its current leadership structure provides effective and independent Board oversight of management.

## **Board Committees**

The Board of Directors of the Company has a standing Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee.

### **Audit Committee**

The Board adopted its current Audit Committee Charter on August 9, 2007. The principal functions of the Audit Committee are to review and monitor the Company's financial reporting and the internal and external audits. The committee's functions include, among other things: (i) to select and replace the Company's independent registered public accounting firm; (ii) to review and approve in advance the scope and the fees of our annual audit and the scope and fees of non-audit services of the independent registered public accounting firm; (iii) to receive and consider a report from the independent registered public accounting firm concerning their conduct of the audit, including any comments or recommendations they might want to make in that connection; and (iv) to review compliance with and the adequacy of our major accounting and financial reporting policies and controls. The Audit Committee met four times during the fiscal year ended December 31, 2010. It currently consists of Messrs. Menikoff (Chairman), Kelley and Callahan. The Board has determined that Messrs. Menikoff, Kelley and Callahan are independent as defined in the listing standards of the NASDAQ Stock Market and that both Mr. Menikoff and Mr. Callahan qualify as an audit committee financial expert as defined in the regulations of the Securities and Exchange Commission. A copy of the Audit Committee charter is available at <http://www.aeti.com>.

### **Corporate Governance and Nominating Committee**

Messrs. Peacock (Chairman), Menikoff, Kelley and Callahan constitute the Corporate Governance and Nominating Committee. The Board has determined that the members of the committee are independent as defined in the listing standards of the NASDAQ Stock Market. The primary functions of the Corporate Governance and Nominating Committee are to identify, evaluate and recommend nominees to serve as Directors, review corporate governance principles and practices and respond to regulatory initiatives and requirements. The Corporate Governance and Nominating Committee met four times in the fiscal year ended December 31, 2010. A copy of the Corporate Governance and Nominating Committee charter is available at <http://www.aeti.com>.

### **Compensation Committee**

The Board of Directors established the Compensation Committee as a standing committee on May 22, 2007. Messrs. Kelley (Chairman), Peacock, Menikoff and Callahan are the members. The primary functions of the Compensation Committee are to review and approve the compensation of the Chief Executive Officer and the other executive officers of the Company, to recommend the compensation of the directors, to review and approve the terms of any employment contracts with executive officers and to produce an annual report for inclusion in



the Company's proxy statement. The Compensation Committee also administers and interprets the Company's equity compensation and employee benefit plans and grants all awards under the employees stock incentive plan. A copy of the Compensation Committee charter is available at <http://www.aeti.com>.

### Board's Role in Risk Management

The Board and management are in the process of establishing a formal risk management policy providing for the assessment and management of risk factors relating to the Company. The Board of Directors, initially through the Audit Committee, will provide oversight of the implementation and operation of the Company's risk management processes.

### Code of Ethics

The Company has adopted a code of business conduct and ethics for its directors, officers and employees. A copy of the code of business conduct and ethics is available at <http://www.aeti.com>.

### Attendance at Meetings

During the fiscal year ended December 31, 2010, the Board of Directors held four meetings. No member of the Board of Directors attended fewer than 75% of the meetings of the Board.

### Director Compensation

Directors who are not employees of the Company or any of its subsidiaries and who do not have a compensatory agreement providing for service as a director of the Company or any of its subsidiaries receive the following compensation:

Current outside directors' fee structure:

Annual retainer for each Director, paid quarterly in advance	\$ 23,000
Additional annual retainer for Committee Chairs of the Compensation Committee and Nominating and Governance Committee	\$ 2,500
Additional annual retainer for Chair of the Audit Committee	\$ 3,500

The Company pays each director's reasonable travel, lodging, meals and other expenses connected with their Board service.

The Non-Employee Directors' Deferred Compensation Plan provides that eligible directors may elect to defer 50% to 100% of their retainer fees. Each deferral election must be made prior to the year such retainer payment is due and will last for the entire year. Deferral elections may be terminated for the next year. Deferred amounts may be used to acquire our common stock at fair market value on the date each retainer payment would be otherwise paid to an eligible director, to acquire stock units equivalent to the fair market value of our common stock on the date each retainer payment would be otherwise paid or may be paid in cash following termination of service as a director with interest accruing at the prime rate on such deferred fees.

Directors who are employees and non-employee directors who are not eligible for the foregoing non-employee director compensation receive no separate compensation for director service.

**2010 Non-Employee Director Compensation**

The following table provides information regarding compensation earned by, awarded or paid to non-employee directors who served during the year ended December 31, 2010.

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation(\$)	Total(\$)
Howard W. Kelley	25,500		25,500
Thomas P. Callahan	23,000		23,000
Peter Menikoff(1)	26,500		26,500
J. Hoke Peacock II	25,500		25,500
Stuart Schube	11,500		11,500
Total	112,000		112,000

- (1) Mr. Menikoff elected to defer payment of \$26,500 of the fees earned and such deferred amounts were credited towards stock units equivalent in value to Company common stock at market price at time that director fees are payable. Stock units are exchanged for equivalent number of shares of common stock six months after separation from service as a director. Mr. Menikoff was credited with 10,806 stock units for service in 2010.

**Certain Relationships and Related Transactions**

All related party transactions are required to be reviewed and approved by an independent body of the Board of Directors composed solely of independent directors as defined in NASDAQ Rule 4350(d)(2)(A).

In 2008 we repaid the outstanding indebtedness of M&I to certain of its former stockholders in the amount of \$500,000 plus accrued interest. Arthur G. Dauber, our Chairman and a director, received \$200,000 in principal and approximately \$14,000 in accrued interest.

Reference is hereby made to Note 13 to the consolidated financial statements included in the Company's annual report for the year ended December 31, 2010 for further information.

**PROPOSAL NO. 2**

**TO RATIFY THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011**

The Board of Directors is asking the stockholders to ratify the Audit Committee's selection of Ham, Langston & Brezina, LLP as the Company's independent registered public accounting firm for 2011. In the event the stockholders fail to ratify the selection, the Audit Committee will reconsider its selection.

Representatives of Ham, Langston & Brezina, LLP are expected to be present at the Annual Meeting in person or by conference telephone and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available to respond to appropriate questions. Ham, Langston & Brezina, LLP has been our independent registered public accounting firm since the fiscal year ended December 31, 2007.

Fees billed for services provided by our independent registered public accounting firm for 2010 and 2009 were as follows:

	<b>2010</b>	<b>2009</b>
Audit Fees(1)	\$ 181,737	187,884
Audit-Related Fees(2)	0	0
Tax Fees(3)	0	0
All Other Fees(4)	10,000	10,000
<b>Total</b>	<b>\$ 191,737</b>	<b>197,884</b>

- (1) Audit fees represent fees for professional services provided by the independent registered public accounting firm in connection with the audit of our financial statements and review of our quarterly financial statements for the stated years.
- (2) Audit-related fees
- (3) Tax fees principally included tax advice, tax planning and tax return preparation.
- (4) Other fees represent fees for professional services provided in connection with the annual stockholders' meeting, transition-related costs and review of various SEC filing documents.

### AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with the Company's management and Ham, Langston & Brezina, LLP the audited consolidated financial statements of the Company contained in the Company's Annual Report on Form 10-K for the Company's 2010 fiscal year. The Audit Committee has also discussed with Ham, Langston & Brezina, LLP the matters required to be discussed pursuant to SAS No. 61 (Codification of Statements on Auditing Standards, AU Section 380), which includes, among other items, matters related to the conduct of the audit of the Company's consolidated financial statements.

The Audit Committee has received and reviewed the written disclosures and the letter from Ham, Langston & Brezina, LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and has discussed with Ham, Langston & Brezina, LLP its independence from the Company.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining auditor independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for its 2010 fiscal year for filing with the SEC.

Respectfully submitted,

Peter Menikoff (Chairman)

Howard W. Kelley

Thomas P. Callahan

#### **Audit Committee's Pre-Approval Policies**

The Audit Committee's policy is to pre-approve all audit services and all permitted non-audit services (including the fees and terms thereof) to be provided by the Company's independent registered public accounting firm; provided, however, pre-approval requirements for non-audit services are not required if all such services (1) do not aggregate to more than five percent of total revenues paid by the Company to its independent registered public accounting firm in the fiscal year when services are provided; (2) were not recognized as non-audit services at the time of the engagement; and (3) are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee.

The Audit Committee pre-approved all of the fees described above.

The Audit Committee has considered whether the provision of the above services other than audit services is compatible with maintaining auditor independence.

#### **Vote Required**

The affirmative vote of a majority of the shares of common stock present at the Annual Meeting and voting on the proposal is required to ratify the selection of the Company's independent registered public accounting firm for 2011. Abstentions and broker non-votes have no effect on the vote on the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011.**

**PROPOSAL NO. 3**

**TO APPROVE AN AMENDMENT OF THE 2007 EMPLOYEE STOCK PURCHASE PLAN**

**Overview**

The Board of Directors is seeking approval of an amendment of the 2007 EMPLOYEE STOCK PURCHASE PLAN (the Purchase Plan ) to make an additional 75,000 shares of common stock available for purchase by employees under the Purchase Plan for a total of 125,000 shares of common stock available for purchase under the Purchase Plan. The Purchase Plan, which was approved by the stockholders at the 2007 Annual Meeting, currently authorizes the purchase of a total of 50,000 shares by eligible employees under the Purchase Plan. Based on the current rate of employee participation, all 50,000 shares available for purchase under the Purchase Plan will be purchased by the third quarter of 2011.

If the stockholders do not approve the amendment of the Purchase Plan, our employees will not be able to purchase any further shares under the Purchase Plan after the current 50,000 shares have been sold.

The Board of Directors believes that the Purchase Plan has proven to be an attractive long-term incentive that encourages employees to identify with the Company as owners and not just as employees and recommends that the stockholders approve the amendment of the Purchase Plan to authorize an additional 75,000 shares of our common stock for purchase by our employees.

The last sale price of a share of our common stock on the NASDAQ Stock Market on March 17, 2011 was \$2.70. Either authorized and unissued shares or issued shares reacquired by the Company may be purchased under the Purchase Plan. No offering may be made under the Purchase Plan after November 7, 2011.

**Administration**

The Purchase Plan is administered by the Compensation Committee (the Committee ) of the Board of Directors of the Company. The Committee has the full and exclusive power to construe, interpret and administer the Purchase Plan, including, but not limited to, the authority to designate the offering price and offering period of our common stock under the Purchase Plan, consistent with the terms of the Purchase Plan. The Committee is also authorized to adopt, amend and revoke rules relating to the administration of the Purchase Plan.

**Purchase Plan Provisions**

The Purchase Plan provides employees with the opportunity to purchase our common stock at a discount, primarily through payroll deductions or lump sum contributions. The Purchase Plan is designed to meet the requirements of Section 423 of the Internal Revenue Code, providing participants with tax advantages in buying and holding shares. The Purchase Plan is also designed to be non-compensatory under the provisions of ASC 718-50 so the Company would not recognize compensation expense from operation of the Purchase Plan.

Participation in the Purchase Plan is voluntary and open to all of our employees and employees of any of our subsidiaries who work at least 20 hours per week and at least five months per year, except that an employee who owns five percent or more of our common stock (determined under IRS regulations) may not participate. The Purchase Plan may prohibit the participation of highly compensated employees as defined in Section 414(q) of the Internal Revenue Code and applicable regulations if such exclusion does not effect the treatment of the Purchase Plan as non-compensatory under ASC 718-50. No employee may accrue rights to purchase stock under all employee stock purchase plans of the Company at a rate that exceeds \$25,000 (or such other maximum as may be prescribed from time to time under the Internal Revenue Code) of fair market value of such stock (determined at the offering date) for each calendar year in which the option is outstanding at any time in accordance with the provisions of Section 423(b)(8) of the Internal Revenue Code. Currently, approximately 400 employees are eligible to participate in the Purchase Plan.

The Purchase Plan is implemented by the Compensation Committee establishing consecutive offering periods after the Purchase Plan has been approved by the stockholders at the Annual Meeting. At the beginning of each offering period the Compensation Committee shall determine and announce the share purchase price of our common stock for the offering period and the length of the offering period. The share purchase price will not be less than (1) 95% of fair market value of our common stock on the first day of the offering period or (2) a discount from the market price on the first day of the offering period which does not exceed the per-share amount of share issuance costs that would have been incurred to raise a significant amount of capital by a public offering. The length of each offering period will not be more than 27 months.

An eligible employee who chooses to participate in the Purchase Plan will enroll prior to the beginning of the current offering period, but the Purchase Plan may be flexible in allowing the Committee to set the enrollment deadline at a date no later than 31 days after the beginning of an offering period. Enrollment will authorize the Company to withhold an amount not greater than 3% of employee's gross compensation payable during the offering period which amount will be used to purchase common stock by the end of the offering period for the purchase price established at the beginning of the offering period.

#### **Certain Federal Income Tax Consequences of the Purchase Plan**

Based on current provisions of the Internal Revenue Code and the income tax regulations, the anticipated U.S. federal income tax consequences of participating in the Purchase Plan are as described below. The following discussion is not intended to be a complete discussion of applicable law and is based on the U.S. federal income tax laws as in effect on the date hereof.

No federal income tax consequences arise at the time of an eligible employee's enrollment in the Purchase Plan or upon the purchase of Common Stock under the Purchase Plan. Amounts withheld by payroll deduction are subject to federal income tax as though those amounts had been paid in cash.

If a participant disposes of Common Stock purchased under the Purchase Plan within two years after the enrollment date for an enrollment period or within one year after the transfer of the Common Stock to the participant, the participant will have included in his or her compensation, taxable as ordinary income in the year of such disposition, an amount equal to the difference between (A) the fair market value of the Common Stock on the date of purchase, and (B) the price paid for the Common Stock, regardless of the price received in connection with the disposition of the Common Stock. The amount that is taxable as ordinary income is added to the purchase price and becomes part of the cost basis for those shares for federal income tax purposes. If the disposition of the Common Stock involves a sale or exchange, the participant generally will also realize a short-term capital gain or loss equal to the difference between his or her cost basis (calculated pursuant to the preceding sentence) and the proceeds from the sale or exchange.

If a participant disposes of Common Stock purchased under the Purchase Plan on a date that is both more than two years after the enrollment date for an enrollment period and more than one year after the transfer of the Common Stock to the participant, or if the participant dies at any time while owning Common Stock purchased under the Purchase Plan, the participant (or his or her estate) will have included in his or her compensation, taxable as ordinary income in the year of disposition (or death), an amount equal to the lesser of:

(i) the excess of the fair market value of the Common Stock on the enrollment date for the enrollment period over the purchase price paid by the participant for the Common Stock; or

(ii) the excess of the fair market value of the Common Stock on the date of disposition (or death) over the purchase price paid by the participant for the Common Stock.

The amount that is taxable as ordinary income is added to the cost basis of those shares for federal income tax purposes. The cost basis is therefore the sum of the purchase price of the Common Stock and the ordinary

income recognized from the formula above. If the disposition of the Common Stock involves a sale or exchange, the participant will also realize a long-term capital gain or loss equal to the difference between his or her cost basis and the and the proceeds from the sale or exchange.

**New Plan Benefits**

Because future benefits under the Purchase Plan will depend on the level of participation elected by eligible employees, the terms of future offerings set by the Committee, and market prices of our common stock, the amount of such future benefits cannot be determined at this time.

**Equity Compensation Plan Information**

The following table sets forth certain information concerning shares of common stock authorized for issuance under the Company's equity compensation plans as of December 31, 2010.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (a)	Weighted Average Exercise Price of Outstanding Options and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	262,928	\$ 4.29(2)	486,282(1)
Equity compensation plans not approved by security holders		\$	
<b>Total Equity compensation plans</b>	<b>262,928</b>	<b>\$ 4.29(2)</b>	<b>486,282(1)</b>

- (1) Consists of balance of shares of common stock available for issuance under the 2007 Employee Stock Incentive Equity Plan.
- (2) Does not reflect shares to be issued upon conversion of restricted stock units.

**Vote Required**

The affirmative vote of a majority of the shares of common stock present at the Annual Meeting and voting on the proposal is required to approve an amendment to the 2007 Employee Stock Purchase Plan. Abstentions and broker non-votes will have no effect on the vote on the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF AN AMENDMENT OF THE 2007 EMPLOYEE STOCK PURCHASE PLAN.**

**Beneficial Ownership of Capital Stock**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of February 3, 2011 by (i) each stockholder who is known by the Company to own beneficially more than five percent of the Company's outstanding common stock, (ii) each current director and nominee for director of the Company, (iii) each of the Company's executive officers named in the Summary Compensation Table set forth in this proxy statement, and (iv) all executive officers and directors of the Company as a group. The information as to each person or entity has been furnished by such person or group.

Name	Number of Shares	Percent of Class
Arthur G. Dauber	1,936,000	24.9
James J. Steffek	889,661	11.4
J. Hoke Peacock II	477,586(1)	6.1
Charles M. Dauber	407,573(2)(3)	5.2
Neal T. Hare	361,616	4.6
Timothy C. Adams	12,754(3)	*
Howard W. Kelley	3,960(3)	*
Peter Menikoff	10,000(3)	*
Thomas P. Callahan	14,500(4)	*
Frank R. Pierce		
All directors and officers as a group (10) persons	4,109,150(3)	53.0

Based upon 7,756,645 shares outstanding on February 3, 2011.

\* Indicates less than 1%

(1) Includes 99,211 shares held in a pension plan with a bank trustee. Mr. Peacock has sole voting and investment power over these shares.

(2) Includes 39,000 shares held on behalf of a minor.

(3) Includes options to purchase common stock which are exercisable as of February 3, 2011 or within 60 days thereafter, as set forth below:

Timothy C. Adams	4,567 options
Howard W. Kelley	3,840 options
Charles M. Dauber	2,075 options

Does not include unvested restricted stock units held by Timothy C. Adams (5,633), Charles M. Dauber (9,838) and Peter Menikoff (34,041).

(4) Includes 4,500 shares held by a trustee on behalf of children.

Address of Arthur G. Dauber, Charles M. Dauber and James J. Steffek is 6410 Long Drive, Houston, TX 77087. Address of J. Hoke Peacock II is 470 Orleans Street, Beaumont, TX 77701.



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**EXECUTIVE OFFICERS**

Our executive officers are:

<b>Name</b>	<b>Position</b>
Arthur G. Dauber	Executive Chairman
Charles M. Dauber	President and CEO
Neal T. Hare	Senior Vice President, Chief Technology Officer
James J. Steffek	Senior Vice President and President, M&I
Frank R. Pierce	Senior Vice President, CFO and Secretary
Timothy C. Adams	President, American Access

Information about Arthur G. Dauber and Charles M. Dauber is contained in [Nominees of the Board of Directors](#) above.

Neal T. Hare, age 64, is the Senior Vice President Technical Products of M&I and has been with M&I since January 1992. He became Senior Vice President of Operations of the Company in May 2007 and was named Chief Technology Officer in January 2008. Mr. Hare's service in the energy industry spans 38 years with 10 years as Vice President of Operations Ross Hill Controls (DC Oilfield Drives) and Vice President of Operations Powell Electrical Manufacturing (Switchgear and Controls). Mr. Hare has a Bachelor of Science degree in Electrical Engineering from Cal State-Long Beach.

James J. Steffek, age 61, has been employed at M&I since September 1973. He became President of M&I in September 2009. From May 2007 to September 2009 he was Senior Vice President of Sales and Business Development of the Company. From 1980 to September 2009 he was M&I's Senior Vice President responsible for sales, marketing and operations including remote operations in Singapore and Mississippi. He was also responsible for international business development including Asia, South America and the Middle East. From 1973 through 1979 he worked in project management, engineering and sales positions at M&I. Prior to joining M&I, he worked for Continental Controls Corp. as a project engineer. Mr. Steffek holds a Bachelor of Science degree from the University of Houston.

Frank R. Pierce, age 61, served as our interim chief financial officer since June 2010 and has been Senior Vice President, CFO and Secretary of the Company since September 2010. Mr. Pierce was a partner in the Houston office of SFC Professional Services LLC d/b/a Tatum, an executive services firm, where he has served since 2005. He is a certified public accountant and earned undergraduate and graduate degrees from the University of Houston.

Timothy C. Adams, age 60, served as President and Chief Operating Officer of the Company from September 2006 until the merger with M&I in May 2007 when he became Senior Vice President American Access division until January 2008 when he was appointed President of our American Access subsidiary. He joined American Access as Vice President Sales and Marketing effective January 1, 2005. He was responsible for directing sales and marketing for both the patented zone cabling/wireless division and the contract manufacturing division of American Access. He brings over thirty years of experience in sales, marketing, engineering and manufacturing to American Access. From 1991 to 2004 he was with Metcam, Inc., where he was director of sales. Prior to Metcam, he spent over three years at Belcan Corporation and over three years at Cannon Industries, Inc. Prior to that, he was involved in product development and in manufacturing. He earned an M.B.A. from Xavier University and received his Bachelor of Science degree in industrial engineering from Purdue University.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The primary objectives of our executive compensation program are to:

enable the Company to recruit, retain and motivate skilled and knowledgeable executives;

ensure that executive compensation is aligned with our corporate strategies and business objectives;

promote the achievement of key strategic and financial performance measures by linking incentive compensation to the achievement of measurable corporate and individual performance goals; and

align executives' incentives with the creation of stockholder value.

To achieve these objectives, we expect to maintain our executive compensation at levels which are competitive with those of other companies with which we compete for executive talent. In addition, all our named executive officers will have an annual bonus compensation program providing a cash bonus for achieving corporate and individual goals. We provide our senior executive officers with compensation in the form of equity awards that vest over time in amounts related to achieving specific corporate financial goals, which we believe will help to retain our executives and align their interests with those of our stockholders by allowing the executives to participate in the longer term success of our Company as reflected in stock price appreciation.

### Elements of Our Executive Compensation Program

The following elements comprise compensation currently paid to our executive officers:

*Base salary.* We fix the chief executive officer's base compensation and review his recommendations regarding the base compensation of the executive officers to provide assurance that we are able to hire and retain individuals in a competitive environment and rewards satisfactory individual performance and a satisfactory level of contribution to our overall business goals. At least annually, the Compensation Committee evaluates the base salaries for our executives, together with other components of compensation, and considers adjustments based on an assessment of each executive's performance, competitive compensation trends and their review and consideration of compensation surveys and other information provided by our human resources department or from independent sources. We expect our CEO, as manager of our other senior executives, to keep the Compensation Committee advised as to how our senior executives are performing.

*Executive Performance Bonus Program.* The performance bonus element of the cash compensation of our executive officers is based upon achievement of Company and individual performance goals recommended by our CEO and approved by our Compensation Committee. The 2010 performance bonus compensation program for our senior executives provides for cash bonus targets ranging from approximately 33% to 48% of base salary. Our CEO is primarily responsible for recommending to the Board of Directors the Company financial objectives and individual performance goals of our senior executives. Targeted Company financial performance must be achieved at the 75% level for that component of the bonus to be earned and must be achieved at the 100% level for the full bonus related to Company financial performance to be earned. Some of each officer's individual performance goals and objectives may require a subjective evaluation and judgment with respect to achievement of these goals. Company performance targets range from 50% to 75% of total bonus with individual goals encompassing the remainder. The Company financial performance element of each executive's bonus is designated in a business area where the executive contributes and may include such performance metrics as earnings of the entire Company or one or more business segments.

Our CEO reviews each senior executive's performance against Company and individual performance goals set for that executive during the previous year. Based on this assessment, the CEO will then recommend to the Compensation Committee what percentage of each executive's target bonus the executive should receive. The

Compensation Committee, without the CEO's participation, evaluates the CEO's performance to determine the CEO's bonus by reviewing the CEO's success in achieving the Company and personal performance goals established by the committee in the prior year.

*Supplemental Management Performance Bonus Program for Senior Managers and Operating Managers.* In 2010 the Compensation Committee adopted a supplemental management performance program for our senior managers which established a potential bonus pool for our senior management based on a percentage of consolidated earnings before tax in excess of targeted objectives. A potential bonus pool was also established for our operating managers based on a percentage of earnings before tax of the business units they manage over targeted objectives and which also requires that the Company exceed the targeted objectives established for our senior managers. The Company's 2010 consolidated earnings before tax did not meet the minimum target set for the supplemental management performance program and no supplemental bonus was earned by our senior managers or our operating managers for 2010 performance.

*Equity Incentives.* Our equity incentive program is the primary vehicle for offering long-term incentives to our employees, including our executive officers. Executives are eligible to receive grants of stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other stock-based equity awards at the discretion of the compensation committee. Our 2007 Employee Stock Incentive Plan authorizes the issuance of up to 800,000 shares of our common stock. In 2009 and 2010 certain executives were awarded performance-based restricted stock units. Some of these awards were subject to achievement of performance targets in the year of grant and continued employment to become fully vested, and some of such awards required only continued employment to become fully vested.

We believe equity awards provide our executive officers with an incentive to focus on our long-term performance, create an ownership culture among our management team and our employees, and align the interests of our executive officers with those of our stockholders. In addition, the vesting feature of our equity awards is designed to further our objective of executive retention by providing an incentive to our executive officers to remain employed with us during the vesting period. We believe the long-term performance of our business is improved through the grant of stock-based awards so that the interests of our executive officers are aligned with the creation of value for our stockholders. In determining the size of equity grants to our executive officers, our compensation committee will consider our overall performance, the applicable executive officer's performance, the achievement of certain strategic initiatives, the amount of equity previously awarded to the executive officer, and the vesting of such awards, as well as their own business judgment and experiences. The Compensation Committee may also make the receipt of equity incentives subject to the achievement of specific objective Company financial goals and/or continued employment.

Grants of equity awards, including those to our named executive officers, are required to be approved by our Compensation Committee. We may grant equity awards to executive officers upon their initial hire and in connection with a promotion. In addition, grants of equity awards may be made from time to time in the discretion of our Compensation Committee and our Board of Directors consistent with our incentive compensation program objectives.

*Other Compensation.* Each of our executive officers is eligible to participate in our employee benefits programs on the same terms as non-executive employees, including our 401(k), medical, dental and vision care plans. In addition, employees, including executive officers, participate in our life and accidental death and dismemberment insurance policies, long-term and short-term disability plans, employee assistance program, and standard Company holidays.

*Tax Considerations.* Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for compensation in excess of \$1.0 million paid to our chief executive officer and our four other most highly paid executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. We generally intend to structure the performance-based portion of our executive

compensation, when feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to us. Our compensation committee and our board of directors may, in their judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes such payments are appropriate to attract and retain executive talent. To date we have made no compensation payments which did not comply with exemptions in Section 162(m).

*Risk Considerations.* The Compensation Committee considers whether the Company's compensation policies and practices for both executives and other employees encourage unnecessary or excessive risk taking. Base salaries are not believed to encourage excessive risk taking. The Company's Executive Performance Bonus Programs does focus on achievement of annual Company and/or individual performance goals, but both the Company and individual goals are considered appropriate for achievement without unnecessary and excess risk taking.

*CEO Compensation.* In connection with the CEO transition plan the Company entered into an employment agreement with Charles M. Dauber for his services as President and CEO of the Company. The Compensation Committee utilized an independent compensation consultant to assist it in setting Mr. Dauber's salary. Such consultant has provided no other services to the Company or the Compensation Committee and was paid a flat fee of \$1,000 for its services. The Compensation Committee believes the compensation package for Mr. Dauber is reasonable based upon Mr. Dauber's experience, duties and responsibilities and the contributions made and expected to be made by him to the Company.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that such Compensation Discussion and Analysis be included in the Proxy Statement for the Company's 2011 Annual Meeting of Stockholders.

Respectfully submitted,

Howard W. Kelley (Chairman)

Peter Menikoff

J. Hoke Peacock II

Thomas P. Callahan

### Summary Compensation Table

The following table presents compensation information for our executive officers (the named executive officers) for the years ended December 31, 2010 and 2009.

Name and Principal Position	Year	Base Salary (\$)	Stock Award(s) \$(1)	Option Award(s) \$(1)	Non-Equity Incentive Plan Compensation \$(2)	All Other Compensation \$(3)	Total (\$)
Arthur G. Dauber	2010	181,000	0	0	0	8,900	189,900
Executive Chairman	2009	240,000	0	0	40,000	21,419	301,419
Charles M. Dauber	2010	225,000	90,870	0	32,000	11,300	372,470
President and CEO	2009	183,752	19,166	0	25,875	15,920	244,713
John H. Untereker	2010	96,639	0	0	0	3,500	100,139
Senior Vice President and Chief Financial Officer to June 30, 2010	2009	167,509	14,153	0	21,038	14,041	216,741
Frank R. Pierce	2010	56,000	2,335	0	6,908	3,500	68,743
Senior Vice President, and Chief Financial Officer from September 15, 2010							
James J. Steffek	2010	176,820	0	0	12,376	10,000	199,196
President of M&I	2009	176,820	0	0	19,388	15,869	212,077
Neal T. Hare	2010	176,820	0	0	19,305	10,000	206,125
Senior Vice President, Chief Technology Officer	2009	176,820	0	0	22,688	15,598	215,106
Timothy C. Adams	2010	150,000	25,167	0	21,247	0	196,414
President of American Access	2009	150,000	12,025	0	10,075	1,944	174,004

- (1) Amounts shown in the Stock Awards columns reflect the aggregate grant date fair value of these awards for the fiscal year in which the awards are granted computed in accordance with FASB ASC Topic 718. The values are based on the probable outcome of the performance-based conditions of the awards. If the awards were valued on the maximum outcome of performance-based conditions the

awards would be valued as follows:

Name	Year	Stock Awards(\$)
Charles M. Dauber	2010	113,000
	2009	27,750
John H. Untereker	2010	32,544
	2009	27,750
Frank R. Pierce	2010	5,837
	2009	0
Timothy C. Adams	2010	27,120
	2009	18,500

- (2) Consists of performance-based cash bonus payments earned with respect to the years indicated.
- (3) Other compensation includes Company contribution to 401(k) plan and auto allowance. Also includes tax preparation for Arthur G. Dauber and Charles M. Dauber. Autos are provided to Messrs. Hare and Steffek with a deemed value of \$10,000.

#### Employment agreements with named executive officers

With the approval of the Compensation Committee, the Company has entered into employment agreements with three of its named executive officers. These employment agreements are intended to provide each executive with job security for the term of the agreement by specifying the reasons pursuant to which their employment may be terminated by the Company and provide them with certain compensation and benefits upon termination of employment or a change in control of the Company. These employment agreements also protect the Company's interests following termination of employment by prohibiting the executives from engaging directly or indirectly in competition with the Company, from soliciting any employees, or from disclosing confidential Company information.

Charles M. Dauber has an employment agreement with the Company which provides for his employment to December 31, 2011 at an annual salary of \$225,000 for the year ending December 31, 2010 and \$240,000 for the year ending December 31, 2011, a \$800 per month automobile allowance and participation in the other benefit programs available to the Company's executives. Mr. Dauber is also entitled to an expected annual bonus of \$100,000 for 2010 and 2011 which is dependent upon the Company meeting its annual budget and operating plan objectives and which may be greater if performance is above operating plan objectives at the discretion of the Board of Directors. The agreement provides for a restricted stock grant of 15,000 shares of the Company's common stock on January 1, 2010 and an additional 35,000 shares upon stockholder approval of an amendment to the Company's Employee Stock Incentive Plan plus an additional number of shares sufficient to compensate for the delay in the grant of the 35,000 shares of Company stock from January 1, 2010 until such shares are granted. All such restricted stock will vest over a four-year period in accordance with the Company's Employee Stock Incentive Plan. In the event Mr. Dauber's employment terminates other than for cause or resignation, his base salary and medical plan participation will continue monthly for up to twelve months or commencement of other employment, whichever occurs earlier. In the event Mr. Dauber's employment terminates after a change of control of the Company he will be entitled to payment of two year's salary and expected bonus, vesting of any unvested equity options and payment of COBRA health insurance premiums for eighteen (18) months after his employment ends.

Arthur G. Dauber has an employment agreement with the Company which provides for his employment to December 31, 2012 at an annual salary of \$180,000 in 2010 and \$120,000 in 2011. In 2012 Mr. Dauber will be a part time employee and serve as Chairman of the Board of Directors, if elected. Mr. Dauber will receive a salary of \$120,000 in 2012 and a bonus of 1% of the amount reported by the Company on its consolidated statement of operations on the line styled Equity In Income of Joint Ventures with respect to the Company's joint ventures known as MIEFE, Bomay and AAG (Brazil) for each year. Mr. Dauber will receive an automobile

allowance of \$600 per month beginning in 2011, health and life insurance benefits not to exceed a cost to the Company of \$500 per month in 2010, \$550 per month in 2011 and \$600 per month in 2012, plus in each year the cost of his annual physical examinations. Mr. Dauber's spouse may accompany him, at Company expense, on two business trips outside the United States in 2011 and 2012. In the event Mr. Dauber's employment terminates other than for cause or resignation, his base salary and medical plan participation will continue monthly for up to twelve months or commencement of other employment, whichever occurs earlier. In the event Mr. Dauber's employment terminates after a change of control of the Company he will be entitled to payment of salary and payment of COBRA health insurance premiums for up to twelve months or commencement of other employment, whichever occurs earlier.

Frank R. Pierce entered into an employment letter agreement upon commencement of his employment in 2010 which specifies his compensation but does not establish any fixed term of employment. It provides for an annual salary at the rate of \$168,000 with a performance based target bonus of \$ 27,633 in 2010 and \$82,000 thereafter. Upon commencement of employment Mr. Pierce received 2,022 restricted stock units for 2010 with performance-based vesting and 505 restricted stock units with continued employment requirements. The vested restricted stock units convert into common stock on a one-to-one basis in four equal annual installments from the original grant date, subject to a continuing employment requirement.

Mr. Pierce will receive an automobile allowance and participate in the other benefit programs available to the Company's senior executives. In the event Mr. Pierce's employment is terminated other than for cause or disability, or in the event there is a change of control/acquisition which results in his termination, a substantial reduction of his responsibilities, or necessitates a commute outside of the Greater Houston area (reasonable driving distance), Mr. Pierce will receive a severance package equal to six months of his current base salary, and COBRA health insurance costs for up to six (6) months after his employment terminates. The severance will be paid out on a monthly basis and will cease upon commencement of other employment or upon completion of the twelve month period beginning from his initial date of employment.

Our other named executive officers are at will employees and are eligible to receive employee benefits generally available to all employees of the subsidiary by which they are employed and other benefits approved by the Compensation Committee.

In February 2011, the Compensation Committee of the Board of Directors established 2011 salary and target bonus applicable to the named executive officers as follows:

Named Executive	2011	2011
	Base Salary(\$)	Target Bonus(\$)
Arthur G. Dauber	120,000	20,000(a)
Frank R. Pierce	168,000	82,000
Neal T. Hare	176,820	82,500
James J. Steffek	176,820	82,500
Charles M. Dauber	240,000	100,000
Timothy C. Adams	150,000	31,000

(a) Assumes the Company will report equity in income of joint ventures of \$2.0 million during 2011.

Actual bonus amounts payable to each executive will be based on the achievement of 2011 Company and individual performance goals established for each executive. Targeted performance must be achieved at the 75% level for that component of the bonus to be earned and must be achieved at the 100% level for the full bonus to be earned. Some of each executive's individual goals may require a subjective evaluation and judgment with respect to achievement of these goals. Company performance targets range from 50% to 75% of total bonus with individual goals encompassing the remainder.



In connection with the 2011 salary and target bonus established for the named executive officers, the following named executive officers were awarded restricted stock units under the 2007 Employee Stock Incentive Plan. Each restricted stock unit is issued one share of common stock upon vesting:

<b>Named Executive</b>	<b>Restricted Stock Units</b>
Frank R. Pierce	7,500
Charles M. Dauber	50,000
Timothy C. Adams	12,000

Vesting of a portion of such awards is subject to achievement of the 2011 Company and individual performance goals established for each executive, 9,600 for Mr. Adams, 14,000 for Mr. Dauber, and 6,000 for Mr. Pierce. All vested restricted stock units convert into common stock on a one-to-one basis in four equal annual installments from the original grant date, subject to a continuing employment requirement.

**Grants of Plan-Based Awards in 2010**

The following table provides information on the stock and cash plan-based awards granted to our named executive officers in 2010.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(1)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
<b>Arthur G. Dauber</b>									
EPB(a)	11/29/10	0	46,000	46,000					
<b>John H. Untereker</b>									
EPB(1)	2/26/10	0	61,875	61,875					
EPB(2)	2/26/10	0	22,000	55,000					
PSU(1)	2/26/10				0	14,400	14,400		32,544
<b>Neal T. Hare</b>									
EPB(1)	2/26/10	0	61,875	61,875					
EPB(2)	2/26/10	0	44,000	110,000					
<b>James J. Steffek</b>									
EPB(1)	2/26/10	0	61,875	61,875					
EPB(2)	2/26/10	0	44,000	110,000					
<b>Charles M. Dauber</b>									
EPB(1)	2/26/10	0	100,000	100,000					
EPB(2)	2/26/10	0	68,000	170,000					
PSU(1)	2/26/10				0	14,400	14,400		32,544
PSU(2)	2/26/10				0	35,600	35,600		80,456
<b>Timothy C. Adams</b>									
EPB(1)	2/26/10	0	23,250	23,250					
EPB(3)	2/26/10	0	0	0					
PSU(1)	2/26/10				0	9,600	9,600		21,696
PSU(2)	2/26/10				0	2,400	2,400		5,424
<b>Frank R. Pierce</b>									
EPB(1)	10/20/10	0	27,633	27,633					
EPB(2)	10/20/10	0	14,828	37,070					
PSU(1)	10/20/10				0	2,022	2,022		4,671
PSU(2)	10/20/10				0	505	505		1,166

EPB(a) Potential cash bonus based on equity income of joint ventures for the two years 2011 and 2012 estimated based on 2010.

EPB(1) Potential performance based cash bonus payment based on individual and company performance which might have been earned for 2010 performance. The actual amount of performance based cash bonus earned in 2010 is shown in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

EPB(2) Potential performance based payment under Supplemental Senior Management Performance Bonus Program.

EPB(3) Potential performance based cash bonus based on performance of American Access segment.

PSU(1) Potential performance based restricted stock units which might have been earned based on individual and company 2010 performance. The actual value of performance based restricted stock units which were earned in 2010 is included in the Summary Compensation Table under the Stock Awards column.

PSU(2) Restricted stock units granted with a continuing service obligation. The actual value of service based restricted stock units which were earned in 2010 is included in the Summary Compensation Table under the Stock Awards column.

(1) Calculated in accordance with ASC 718 before any forfeiture adjustments.

**Option Exercises and Stock Vested in 2010**

The following table provides information regarding the vesting of stock awards of our named executive officers in 2010. No stock options were exercised by our named executive officers in 2010.

	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(1) (\$)
Charles M. Dauber	3,625	8,193
John H. Untereker	2,975	6,725
Timothy C. Adams	2,207	4,988

(1) Based on market value at time of vesting.

**Outstanding Equity Awards at December 31, 2010**

The following table provides information on the outstanding equity awards held by our named executive officers as of December 31, 2010.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards:
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Charles M. Dauber	2,075	2,075(1)	4.09	2/28/13	2,076(a) 7,762(b) 4,608(c) 35,600(c)	4,630 17,309 10,276 79,388		

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Frank R. Pierce					506(c)	1,129
					505(c)	1,126
Timothy C. Adams	727	727(1)	4.09	2/28/13	727(a)	1,621
	3840	0	4.55	1/1/12	1,250(b)	2,788
					3,656(b)	8,153
					8,736(c)	19,481
					2,400(c)	5,352

(1) The vesting dates of the foregoing options are as follows: One half on or about each of the following dates: February 27, 2011 and 2012

(2) Represents restricted stock units which require only continued employment to convert to shares of common stock on a one-to-one basis. The scheduled conversion date of these restricted stock units are: (a) one half on or about each of the following dates: February 27, 2011 and 2012. (b) one third on or about each of the following dates: February 27, 2011, 2012 and 2013. (c) one fourth on or about each of the following dates: February 27, 2011, 2012, 2013 and 2014.

(3) Based on the closing price of our common stock on December 31, 2010.

**Potential Payments Upon Termination or Change in Control**

The following estimates the payments which would be required to be made to our named executive officers with employment agreements which entitle them to receive cash severance or other payments in connection with a termination of their employment and/or a change in control:

Arthur G. Dauber: Discharge other than for cause or resignation: \$ 120,000  
Termination after change of control: \$ 120,000

Charles M. Dauber: Discharge other than for cause or resignation: \$ 240,000  
Termination after change of control: \$ 680,000

Frank R. Pierce: Discharge other than for cause or resignation: \$ 84,000\*  
Termination after change of control: \$ 84,000\*

\* Only during first 12 months of employment

The award agreements evidencing grants of stock options and restricted stock units issued after December 31, 2008 to certain of our named executive officers provide that in the event of a change in control of the Company, the stock options and restricted stock units that are then available for vesting and unvested will vest in full. Based on the closing price of our common stock at the end of fiscal 2010 the value of the restricted stock which would vest to our named executive officers on a change of control is as follows:

Charles M. Dauber	\$ 111,603
Frank R. Pierce	\$ 2,255
Timothy C. Adams	\$ 37,395

**STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING**

The Company anticipates that it will hold its 2012 Annual Meeting of Stockholders on May 9, 2012. Any stockholder desiring to submit a nomination for director or proposal for action at the 2011 Annual Meeting of Stockholders and who wishes such proposal to appear in the Company's Proxy Statement with respect to such meeting should arrange for such proposal to be delivered to the Company's Corporate Secretary at the address set forth below no later than November 25, 2011 in order to be considered for inclusion in the Company's proxy statement relating to that meeting. Stockholders must provide advance written notice of director nominations or other proposals intended to be presented at the Company's 2011 Annual Meeting. Such notice must be received by the Company not earlier than February 4, 2012, or later than 5:00 p.m., local time, on March 6, 2012. Notice of director nominations and other proposals must be delivered to Frank R. Pierce, Corporate Secretary, American Electric Technologies, Inc. 6410 Long Drive, Houston, TX 77087.

**FINANCIAL INFORMATION AND ANNUAL REPORT ON FORM 10-K**

The Company's financial statements for the year ended December 31, 2010 are included in the Company's 2010 Annual Report to Stockholders, which is available to the Company's stockholders on the Internet at <http://www.aeti.com/annualmeeting>. **Stockholders may obtain a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2010 without charge by requesting it in writing from Frank R. Pierce, Corporate Secretary, American Electric Technologies, Inc., at 6410 Long Drive, Houston, TX 77087.**

**OTHER MATTERS**

The Board of Directors is not aware of any other matters to come before the meeting. If any other matter not mentioned in this Proxy Statement is brought before the meeting, the proxy holders named in the enclosed Proxy will have discretionary authority to vote all proxies with respect thereto in accordance with their judgment.

March 28, 2011

By Order of the Board of Directors

Frank R. Pierce  
Secretary

**AMERICAN ELECTRIC TECHNOLOGIES, INC.**

**Proxy for Annual Meeting of Stockholders**

**To Be Held on May 11, 2011**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY**

**PLEASE SIGN, DATE AND RETURN PROMPTLY BY MAIL OR FAX**

**MAIL - Date, sign and mail to:**

**Frank R. Pierce, Secretary**

**American Electric Technologies, Inc.**

**6410 Long Drive**

**Houston, TX 77087; or**

**FAX- Date, sign and fax to:**

**713-644-7805**

The undersigned hereby appoints Charles M. Dauber and Frank R. Pierce, and each of them, with full power of substitution, as proxies to represent and vote, as designated herein, all shares of Common Stock of AMERICAN ELECTRIC TECHNOLOGIES, INC. (the Company ) which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Company to be held on May 11, 2011 at 1:00 p.m., local time, and at any adjournment thereof.

**PROPOSAL NO. 1 - Election of Directors.**

**PROPOSAL NO. 2 - To ratify the selection of the independent registered public accounting firm for 2011.**

**For all nominees listed below: q**

**For q    Against q    Abstain q**

**Withhold authority to vote all nominees listed below: q**

**PROPOSAL NO. 3 - To approve an amendment of the 2007 Employees Stock Purchase Plan.**

**INSTRUCTION: To withhold authority to vote for any individual nominee, strike a line through the nominee's name in the list below:**

**For q    Against q    Abstain q**

**Arthur G. Dauber**

**In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.**

**Peter Menikoff**

**Thomas P. Callahan**

**THIS PROXY WILL BE VOTED IN THE MANNER  
DIRECTED HEREIN.**

**J. Hoke Peacock II**

**IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE  
VOTED FOR ALL DIRECTOR NOMINEES, FOR  
PROPOSAL NO. 2 AND FOR PROPOSAL NO. 3.**

**Howard W. Kelley**

**Charles M. Dauber**



**Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by an authorized person.**

**Dated: \_\_\_\_\_, 2011**

**(signature)**

**(signature, if held jointly)**